

# SENATE BILL 812

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By: **Senator Astle**

Introduced and read first time: February 3, 2012

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Suspected Fraud – Reporting Requirement**

3 FOR the purpose of altering the list of persons that are required to report suspected  
4 insurance fraud to certain persons and entities in a certain manner under  
5 certain circumstances; authorizing the withholding of certain information  
6 provided by certain persons under certain circumstances; making stylistic  
7 changes; and generally relating to required reporting of suspected insurance  
8 fraud.

9 BY repealing and reenacting, with amendments,  
10 Article – Insurance  
11 Section 27–802  
12 Annotated Code of Maryland  
13 (2011 Replacement Volume)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Insurance**

17 27–802.

18 (a) **THIS SECTION APPLIES TO:**

19 (1) [An] authorized [insurer, its] **INSURERS AND THEIR**  
20 **employees[,];**

21 (2) **fund producers[,]** AND **insurance producers[, a];**

22 (3) **viatical settlement [provider, or a] PROVIDERS;**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (4) viatical settlement [broker who in good faith has cause to believe  
2 that insurance fraud has been or is being committed shall report the suspected  
3 insurance fraud in writing to the Commissioner, the Fraud Division, or the  
4 appropriate federal, State, or local law enforcement authorities.] **BROKERS;**

5           [(2)] (5) [An] independent insurance [producer shall meet the  
6 reporting requirement of this subsection by reporting the suspected insurance fraud in  
7 writing to the Fraud Division.] **PRODUCERS;**

8           [(3)] (6) [A] registered premium finance [company shall meet the  
9 requirement of this subsection by reporting suspected insurance fraud in writing to  
10 the Fraud Division.] **COMPANIES AND THEIR EMPLOYEES;**

11           (7) **THE NATIONAL ASSOCIATION OF INSURANCE**  
12 **COMMISSIONERS AND ITS EMPLOYEES;**

13           (8) **ORGANIZATIONS ESTABLISHED TO DETECT AND PREVENT**  
14 **FRAUDULENT INSURANCE ACTS AND THE AGENTS, EMPLOYEES, AND DESIGNEES**  
15 **OF THE ORGANIZATIONS; AND**

16           (9) **PROVIDERS OF A RECOGNIZED COMPREHENSIVE DATABASE**  
17 **SYSTEM APPROVED BY THE COMMISSIONER TO MONITOR ACTIVITIES**  
18 **INVOLVING INSURANCE FRAUD AND THE EMPLOYEES OF THE PROVIDERS.**

19           **(B) IF A PERSON SUBJECT TO THIS SECTION HAS CAUSE TO BELIEVE IN**  
20 **GOOD FAITH THAT INSURANCE FRAUD HAS BEEN OR IS BEING COMMITTED, THE**  
21 **PERSON SHALL REPORT THE SUSPECTED INSURANCE FRAUD IN WRITING TO**  
22 **THE COMMISSIONER, THE FRAUD DIVISION, OR THE APPROPRIATE FEDERAL,**  
23 **STATE, OR LOCAL LAW ENFORCEMENT AUTHORITY.**

24           [(b)] (C) In addition to any protection provided under § 10–618 of the State  
25 Government Article, any information, documentation, or other evidence provided  
26 under this section [by an insurer, its employees, fund producers, or insurance  
27 producers, a viatical settlement provider, a viatical settlement broker, an independent  
28 insurance producer, or a registered premium finance company] to the Commissioner,  
29 the Fraud Division, or a federal, State, or local law enforcement authority in  
30 connection with an investigation of suspected insurance fraud is not subject to public  
31 inspection for as long as the Commissioner, Fraud Division, or law enforcement  
32 authority considers the withholding to be necessary to complete an investigation of the  
33 suspected fraud or to protect the person investigated from unwarranted injury.

34           [(c)] (D) A person is not subject to civil liability for a cause of action by  
35 virtue of reporting suspected insurance fraud if:

1                   (1)     the report was made to the Commissioner, Fraud Division, or an  
2 appropriate federal, State, or local law enforcement authority; and

3                   (2)     the person that reported the suspected insurance fraud acted in  
4 good faith when making the report.

5                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2012.